

Testimony of
Tom Lewand, Group Executive for Economic Development & Jobs, City of Detroit

Before the
Michigan Senate Economic Development Committee

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Chairman Kowall ... Vice Chairs Jansen and Bieda ... Distinguished members of the Senate Economic Development Committee.

On behalf of the honorable Mike Duggan, Mayor of the City of Detroit, good afternoon and thank you for the opportunity to address you on House Bill 4783.

For the record, my name is Tom Lewand. I am Group Executive for Economic Development and Jobs in the City of Detroit and am honored to appear before you today to speak in support of this important legislation.

Specifically, House Bill 4783 seeks to amend state law to allow the Michigan Strategic Fund board to designate a seventh Next Michigan Development Corporation.

Companion legislation – Senate Bill 398 – is on the House floor and would instruct the board to give preference in the location of said corporation to ***“the largest city in a county with a population of 1,500,000 or more.”***

In other words, Detroit!

Enacted in 2010, the Next Michigan Development Act authorizes these corporations to use real and personal tax abatements ... tax increment financing plans ... and renaissance zones to attract transportation-sector jobs to the Great Lakes State.

I cannot over-emphasize how important such economic-development tools are to the City of Detroit's future.

For one, the Duggan Administration, Big Three, UAW and several auto suppliers have been in negotiations for months to relocate as many as 30,000 jobs from outside the country to a prospective 150-acre industrial park adjacent to Detroit City Airport.

That is major news to a city with a dearth of good-paying jobs and where the jobless rate of 15.4 percent this year is more than twice the state's 7.5 percent.

Simply put, given Detroit's current property and income tax disadvantages, we sorely need the incentives afforded in the Next Michigan Development Act to help us seal this deal and compete with Southern states that reportedly are offering would-be employers similar domains for as little as \$1.

Consider, too, that Detroit has significantly more transportation assets within its borders than any other community in the state in terms of trade volume.

In addition to the airport, there is the international bridge crossing ... the international tunnel ... the rail tunnel ... four Class I railways ... a major intermodal yard ... a network of interstates ... and the Detroit-Wayne County Port Authority. We have the opportunity right now to bring these assets together as part of an omnibus economic-development strategy.

Indeed, the **Detroit Future City** plan identifies Transportation, Distribution and Logistics as an economic cluster the municipality must focus on henceforth to gird its future. Doing so also will bolster the city's prospects in the related economic sector of advanced manufacturing.

Note, too, that House Bill 4783 represents continued investment by the State of Michigan in her largest city. Because of the important work the Executive and Legislature have done this session – on everything from the Grand Bargain ... to scrap metal legislation ... to the various public policy endeavors poised for passage in lame duck – Detroit's tomorrow looks brighter.

By extension, so, too, does the state's.

I would be remiss if I did not thank Representative John Kivela and Senator Tom Casperson, the sponsors of House Bill 4783 and Senate Bill 398, respectively, as well as the members of the Detroit delegation of Michigan state lawmakers for their support of this endeavor.

Again, vote yes on House Bill 4783.

Thank you for your forbearance.

I am happy to entertain questions.

City of Detroit Next Michigan Development Corporation Zone

- A prospective industrial park adjacent to Detroit City Airport portends good-paying transportation-sector jobs for as many as 30,000 high-school educated Detroit residents.
- The Duggan Administration is in negotiations with the Big Three auto manufacturers, the UAW and Lear Corporation, among others, to relocate said jobs to Detroit from outside the country.
- Critical to the success of this collaboration is establishment of a Next Michigan Development Corporation zone inside the City of Detroit.
- The Next Michigan Development Act – *Public Act 275 of 2010* – currently allows for six such zones, within which locals can offer a variety of incentives to entice job providers, including but not limited to those prescribed in the Renaissance Zone Act, the Local Development Financing Act, and personal property tax exemptions offered in the General Property Tax Act.
- The existing Next Michigan Development Corporation zones are located in (1) Wayne County, adjacent to Detroit-Wayne County Metropolitan Airport; (2) Lansing-Dewitt Township, the so-called Port Lansing Aerotropolis; (3) I-69 Corridor between Flint and Port Huron; (4) Grand Traverse County; (5) the so-called West Michigan Economic Partnership in Grand Rapids and Cascades Township; and (6) Marquette-Escanaba in the Upper Peninsula.
- The prospective industrial park within Detroit would encompass about 20 factories spread over 150 acres, just west of Detroit City Airport, with the possibility for more factories and land.
- The potential tax benefit to job providers / factory owners is projected at \$1 million to \$3 million over a 10-year span – a boon to Michigan and Detroit's ability to compete with southern states like South Carolina that reportedly are offering prospective employers similar plants for as little as \$1.
- Two bills – Senate Bill 398 and House Bill 4783, both currently in House Commerce Committee – could be amended to allow a seventh Next Michigan Development Corporation zone in Detroit and facilitate investment in the state's largest city, where the unemployment rate is reportedly greater than 20 percent.